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FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC PRIORITY 8030
INFO RUCNCIS/CIS COLLECTIVE
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1602
RUEHAK/AMEMBASSY ANKARA 1704
RUEHIL/AMEMBASSY ISLAMABAD 1675
RUEHBUL/AMEMBASSY KABUL 1629
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
RUEPGDA/USEUCOM JIC VAIHINGEN GE
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RUEKJCS/JCS NMCC WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHDBU/AMEMBASSY DUSHANBE 9332

UNCLAS DUSHANBE 001294

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SUBJECT: LET THEM EAT SOMETHING OTHER THAN CAKE! DUSHANBE'S MAYOR
FIGHTS POPULAR BISTRO

¶1. (SBU) A letter from the French Ambassador asking the Dushanbe city government to halt street construction during an outdoor Bastille Day celebration has led to the temporary closure of a popular Dushanbe restaurant and highlighted just how risky it is to invest in Tajikistan, or even more dangerous, to invest in a successful enterprise. La Grande Dame, Dushanbe's only truly European restaurant, announced by email July 11 it was closed until further notice, due to "circumstances beyond control." The restaurant had catered two large U.S. Embassy receptions a week earlier, and enjoyed a full house most nights, thanks not only to the fresh mozzarella, top quality steaks, and flourless chocolate cake, but also due to the lack of alternative high quality European eateries in Dushanbe.

¶2. (SBU) PolOff visited the site July 11 to find a distraught wait staff, an irate French ambassador and French cultural attachi standing on the terrace amidst roof panels that had been torn off and stacked. The staff explained that the Mayor's office had ordered the demolition of the front part of the restaurant, claiming it was illegally constructed. (NOTE: The proprietor, an Australian national who also manages a U.S.-funded health project, built an addition and a facade to give the building the feel of a French bistro. END NOTE.) The staff reported that various fire and tax inspectors had come weeks earlier, but walked away without the usual payoffs they have come to expect from small businesses because the restaurant thought its permits were in order.

¶3. (SBU) The French Ambassador said a few days earlier he had sent a letter to the city government asking them to halt road construction during the French Embassy's July 14 reception, to be held at La Grande Dame. For unknown reasons, the request unleashed the wrath of the Mayor, who ordered the closure and demolition. "Tajikistan is a medieval Emirate," raged the Ambassador. "The Emir decides something, and no one else can contradict him." The Ambassador reported he had officially complained to the Foreign Minister and a senior official in the presidential apparatus, who refused to call the Mayor's office. "Everyone is afraid of the Mayor," fumed the Ambassador. "The Emir always gets what he wants. It's the Middle Ages here."

¶4. (SBU) PolOff later spoke with the proprietor, who between sobs explained that the order was only the latest in a long story involving the restaurant and the Mayor's office. "We

thought we had taken care of all the paperwork. The French Ambassador's letter just stirred up a hornet's nest." While the restaurant received no written document ordering the demolition, she resigned herself to losing this battle. She later noted that the city's demolition team acknowledged that her building paperwork was in order, and refused to demolish the facade for fear of being sued. However, she preferred to demolish the addition herself, in order to rebuild, than let the city do it. "This time we'll do a remodelling that the Mayor's office cannot reject."

15. (SBU) COMMENT: This incident represents more than just small business fighting city hall and underscores how precarious any investment in Dushanbe can be. Conflicting regulations, surprise inspections and corruption from the top down create a business environment designed to keep even the most conscientious business owners in fear that if they do not grease the right palm, their business will be shut down. Embassy Dushanbe knows plenty of examples of the Mayor's capricious and egregious behaviour, particularly in his administration's reluctance to allow Dushanbe's sister city Boulder, Colorado, to donate a million-dollar Internet cafe.

16. (SBU) COMMENT CONTINUED: La Grande Dame offered good food and a lovely atmosphere, a change from the typical faux- Russian cuisine with a neo-Soviet ear-splitting floor show that passes for high-class dining in Tajikistan. Not only does its closure eliminate the only restaurant a foreign businessman might feel comfortable patronizing, the saga adds to the long list of reasons for visiting foreign investors to exercise caution. The closure of La Grande Dame is another sign that Tajikistan's power figures just don't get what it will take to get lasting investment in the economy. END COMMENT.

HOAGLAND